

Message Text

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PAGE 01 STATE 181670 TOSEC 080246

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C O N F I D E N T I A L STATE 181670 TOSEC 080246

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TAGS: TECH, RO, OVIP (FORD, GERALD R.)

SUBJECT: US-ROMANIAN COOPERATION IN NUCLEAR ENERGY IN
CONTEXT OF PRESIDENTIAL VISIT
FOR SONNENFELDT AND HARTMAN
REF:(A)BUCH 3660, (B) BUCH 3557, (C) MEMCON OF MARCH 21
DISCUSSIONS BETWEEN ERDA AND MATAACHE, NCST, (D) SECTO 8082

1. AS REFTTEL (A) INDICATES, WE SEE TWO SEPARATE PENDING
ISSUES IN US-ROMANIA ENERGY COOPERATION. FIRST IS
CONTINUATION AND POSSIBLE EXPANSION OF TECHNICAL
COOPERATION BETWEEN NRC AND ERDA ON US SIDE AND NCST ON
ROMANIAN SIDE ON VARIOUS NUCLEAR AND NON-NUCLEAR ENERGY
MATTERS. WE BELIEVE THAT THIS AREA HOLDS PROMISE FOR
EXPANDED COOPERATION AND ARE PREPARED TO HOLD DISCUSSIONS
WITH ROMANIANS TO THIS END BUT WE STILL LACK INFORMATION
FROM ROMANIANS ON WHICH TO BASE CONCRETE COOPERATIVE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 181670 TOSEC 080246

PROGRAM. BEFORE SUCH DISCUSSIONS BEGIN WE WOULD EXPECT

FURTHER INFORMATION FROM ROMANIANS AS AGREED DURING WASHINGTON DISCUSSIONS WITH MATAACHE ON MARCH 21 (REF C). INSOFAR AS NRC/ERDA VISIT IS CONCERNED, THESE AGENCIES STATE THAT THEY ARE UNAWARE OF ANY CONCRETE PLANS. ROMANIAN'S MAY HAVE CONSTRUED ERDA'S SUGGESTION FOR ROUTINE PHYSICAL SECURITY VISIT AS VISIT FOR DISCUSSIONS ON COOPERATION.

MORE URGENT AND FUNDAMENTAL ISSUE APPARENTLY IS NEED FOR AND DESIRABILITY OF US-ROMANIAN NUCLEAR BILATERAL AGREEMENT WHICH ROMANIANS WOULD LIKE TO ANNOUNCE IN JOINT COMMUNIQUE AT CLOSE OF PRESIDENTIAL VISIT.

2. AS EXPLAINED TO MEMBERS OF THE ROMANIAN EMBASSY ON SEVERAL OCCASIONS, US STATUTORY REQUIREMENT FOR AGREEMENT ON NUCLEAR ENERGY DEPENDS ON PRECISE NATURE OF EQUIPMENT OR MATERIALS WHICH MIGHT BE SUPPLIED DIRECTLY FROM US TO ROMANIA. IN GENERAL, SINCE ROMANIANS HAVE EXPRESSED PREFERENCE FOR AND INTENT TO IMPORT CANADIAN HEAVY WATER REACTOR EQUIPMENT FROM CANADA (POSSIBLY INCLUDING EQUIPMENT SUPPLIED BY US-OWNED OR CONTROLLED COMPANIES IN CANADA), IT IS NOT CLEAR WHETHER A STATUTORY BILATERAL AGREEMENT WITH US WILL BE REQUIRED. UNDER US ATOMIC ENERGY ACT, EXPORTS FROM US OF PRODUCTION OR UTILIZATION FACILITIES (WHICH INCLUDES REACTORS) CAN BE MADE ONLY UNDER STATUTORY BILATERAL AGREEMENT. ON THE OTHER HAND, EXCEPT AS NRC DETERMINES THAT CERTAIN CRITICAL COMPONENTS ARE "PRODUCTION OR UTILIZATION" FACILITIES, REACTOR COMPONENTS CAN BE EXPORTED UNDER LICENSES ISSUED BY DEPARTMENT OF COMMERCE WITHOUT NEED FOR STATUTORY BILATERAL AGREEMENT, PARTICULARLY IF RECIPIENT NATION IS PARTY TO NPT. FURTHERMORE, IF COMPONENTS ARE EXPORTED DIRECTLY FROM CANADA, EVEN IF US-CONTROLLED COMPANIES ARE INVOLVED, STATUTORY AGREEMENT WITH US PROBABLY NOT REQUIRED. (ALTHOUGH STATUTORY BILATERAL AGREEMENT PROBABLY NOT REQUIRED, THIS SHOULD NOT BE CONSTRUED AS MEANING THAT APPROVAL OF EXPORT WOULD BE ROUTINE. CERTAIN TECHNOLOGY, SUCH AS THAT FOR PRODUCTION OF HEAVY WATER, IS CONSIDERED QUITE SENSITIVE AND EACH SUCH EXPORT APPLICATION WOULD BE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 181670 TOSEC 080246

HAVE TO BE CAREFULLY REVIEWED ON CASE-BY-CASE BASIS WITH APPROVAL ON ITS MERITS.)

3. WHILE WE ARE RELUCTANT TO EXPRESS DEFINITIVE OPINION TO GOR ON SUCH SHORT NOTICE, IT APPEARS THAT NONE OF ITEMS LISTED FOR US PROCUREMENT IN REF A WOULD REQUIRE BILATERAL AGREEMENT WITH OBVIOUS EXCEPTION OF ITEM (E) HIGH TEMPERATURE REACTOR (HTGR). FACTS RE THIS ITEM ARE

THAT 1) NO US COMMERCIAL SCALE HTGR HAS YET BEEN PLACED IN OPERATION ALTHOUGH PROTOTYPE IS NEARING COMPLETION, AND 2) COMMERCIAL VERSION OF REACTOR INVOLVES USE OF LARGE QUANTITIES OF HIGHLY ENRICHED URANIUM AS FUEL, THE EXPORT OF SUCH WE HAVE NEVER APPROVED TO DATE. THUS THIS REACTOR CONSTITUTES UNUSUALLY POOR CANDIDATE FOR EXPORT TO ROMANIA.

4. IN ADDITION TO TECHNICAL FACTORS CITED ABOVE, WHICH INDICATE NEED FOR BILATERAL NOT YET ESTABLISHED, THERE ARE OBVIOUS POLITICAL CONSIDERATIONS WHICH LEAD US TO SIMILAR CONCLUSION. USG HAS NOT YET ENTERED INTO BILATERAL NUCLEAR ENERGY AGREEMENT WITH ANY EE COUNTRY AND WE BELIEVE THAT ANNOUNCEMENT OF ANY DECISION TO DO SO SHOULD BE PRECEDED BY CAREFUL CONGRESSIONAL PREPARATION WHICH CLEARLY CANNOT BE DONE IN PRESENT CASE. INCLUSION OF NUCLEAR COOPERATION IN ROMANIAN COMMUNIQUE COULD EVEN ATTRACT UNFAVORABLE PUBLIC COMPARISON WITH SIMILAR ANNOUNCEMENT DURING PRESIDENTIAL VISIT OF PROPOSED NUCLEAR COOPERATION WITH ISRAEL AND EGYPT. SIMILARLY, DESIRABILITY OF AGREEMENT WITH ROMANIA HAS NOT BEEN SUBJECTED TO NSC OR OTHER INTERAGENCY REVIEW IN CONTRAST WITH PRACTICE WITH OTHER SENSITIVE NUCLEAR COOPERATION ISSUES.

5. FOR REASONS CITED ABOVE, WE WOULD ADVISE AGAINST ANY MENTION IN PRESIDENTIAL COMMUNIQUE OF PLANS TO PROCEED WITH NEGOTIATION OF US-ROMANIAN NUCLEAR BILATERAL AGREEMENT FOR COOPERATION. ON THE OTHER HAND, WE SEE NO OBJECTION TO GENERALIZED REFERENCE TO ENERGY COOPERATION SUCH AS THAT SUGGESTED IN PARA 2 OF REF D.

6. ABOVE VIEWS ON ADVISABILITY OF BILATERAL NUCLEAR
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 181670 TOSEC 080246

AGREEMENT RELATED TO "COMMERCIAL AND INDUSTRIAL COOPERATION" IN NO WAY AFFECT USG WILLINGNESS TO CONTINUE AND EXPAND NUCLEAR COOPERATION OF SCIENTIFIC NATURE. AS MADE CLEAR IN PARA 1, WE BELIEVE THERE IS BASIS FOR BROADENED COOPERATION IN BOTH NUCLEAR AND NON-NUCLEAR ENERGY AREAS AND WILL WELCOME MORE DETAILED STATEMENT OF ROMANIAN PROPOSALS. INGERSOLL

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